

Jamaica

Status Index (Democracy: 8.70 / Market economy: 6.46)		7.58	Management Index		6.02
HDI	0.738		Population	2.6 mn	
GDP per capita (\$, PPP)	4,104		Population growth¹	1.0 %	
Unemployment rate	N/A		Women in Parliament	13.6 %	
UN Education Index	0.83		Poverty³	< 2.0	
			Gini Index	37.9 (2000)	
Source: UNDP: Human Development Report 2005. Figures for 2003 unless otherwise indicated. ¹ Annual growth between 1975 and 2003. ³ Population living below \$ 1 (1990-2003).					

A. Executive summary

The victory of the People's National Party (PNP) under the leadership of Prime Minister Percival J. Patterson in October 2002 was the first time in Jamaica's history that a political party won four consecutive general elections. To a large degree, the time covered in this report corresponds to the two-year legislative period following this election. Reform of the electoral process has resulted in a more transparent system and fewer political abuses. Violent crime, abuses by security forces, corruption in both the public and private sectors and organized criminal drug-related networks are matters for concern.

Jamaica is not undergoing a system transformation from an undemocratic, non-market system to a market-based democracy. Jamaica is a long-standing democracy and free market economy. However, Jamaica, like other countries in Latin America and the Caribbean, had to disengage from an economic sector strongly regulated by the state – a process that is not yet complete in all domains, particularly regarding the evolvement of dynamic competition. The major transformation needed is the strengthening of democratic institutions and practices and the redesigning of the existing market economy so that its potential can be realized.

The report on the status of economic and political transformation in the country over the last two years (2003-2004) concludes that Jamaica is still struggling with the same problems that were apparent five years ago. Although there have been slight improvements in some areas, there have been setbacks due to both internal and external factors, resulting in minimal economic growth during the evaluation period. Levels of poverty and unemployment remain unacceptable.

Considering the economic problems and challenges, which are largely beyond the control of Jamaican decision-makers, it can be seen as a management success that levels achieved in the second half of the 1990s were maintained and that social and economic indicators have improved, or at least have not drastically worsened.

Decision-makers are pursuing reform and structural adjustment programs in cooperation with industrialized nations and multilateral financial institutions.

B. History and characteristics of transformation

Jamaica's first parliament and local bodies for autonomous administration did not represent the majority of the population, comprised of descendents of slaves from Africa. Slavery was abolished in 1838, and the labor unions and political parties that initiated the democratic process were formed during social unrest in the late 1930s. Jamaica held its first general election with universal adult suffrage in 1944 and elected a parliament with national legislative power. After a phase of self-government, Jamaica achieved full sovereignty in 1962. Of developing countries who achieved independence at that time, Jamaica is one of the few who have continued to maintain a representative democracy with government changes achieved through regular elections. Democracy and economic development are still hampered by the social inequality and racism stemming from slavery and Jamaica's past as a plantation economy. Features of the monoculture plantation economy are also still evident.

Jamaica's two leading political parties, the People's National Party (PNP) and the Jamaica Labor Party (JLP) alternated in their control of the government until the 1990s. The PNP was reelected for a third term in 1997 and a fourth in 2002. In the June 2003 elections, the Opposition JLP took control of the local government political machinery, winning eleven out of thirteen parish councils and breaking its losing streak. In 2004, however, demonstrating a partial recovery from the 2003 defeat, the PNP won two important bye-elections at the local level.

Researchers classify Jamaican democracy as a patronage-based democracy. One fundamental characteristic of this system is that its citizens, especially those in the lower income groups, are integrated into the political system through regular elections and patronage-based relationships of dependence with their political parties. This integration is sometimes accompanied by political and criminal violence, as well as by an extreme polarization, driven by political tribalism between political parties and their constituents. Jamaica's political system is accurately described by political analyst Robert Buddan as one that has alternated between high and moderate levels of consensual and tribal politics. Patronage-based democracy results in the annulment of customary democratic rules and freedoms by the dominance of one party in some constituencies, particularly in the capital Kingston. Nevertheless, this does not principally obstruct the political, social and economic development of the country. Moreover, the Jamaican population, whose alienation from the political system is constantly growing, has been increasingly rejecting patronage-based democracy. It has become equally difficult for both major parties to gain new supporters and adherents other than "the hardcore" party members. Due to the fundamental reforms of the electoral

system and procedures on Election Day itself before and during the elections 2002, the influence of powerful party members had been reduced significantly.

Ideological polarization, radicalization and confrontation were severe between the two parties in the 1970s, increasing up to 1980, when approximately 800 people died during that year's elections. Relations between the parties were so strained by 1983 that the opposition PNP boycotted a snap election in protest against the surprise conditions under which the ruling JLP had called a new election. The boycott resulted in a parliament without an opposition for an entire election cycle. These political divisions within Jamaica reflected a wider global conflict based on the polarization of the ideologies and foreign policies of the two parties.

With Michael Manley as leader, the PNP aligned itself with countries of the Non-Aligned Movement and Cuba. The JLP, under the leadership of Edward Seaga, cooperated with the United States. Since the end of the Cold War, both parties' political positions have converged towards the center, and in the late 1980s, the United States recognized the PNP. Elections became considerably less violent after 1980. Nonetheless, violent crime is still one of the country's largest problems.

The JLP and PNP have pursued different economic development strategies. In the 1960s, JLP governments relied on modernization theories and tried to industrialize the island with the help of foreign investment. In the 1970s, the PNP pursued a development policy based on dependency theories and democratic socialist ideas in which the government should have a dominant role in the economy. In the end, neither strategy eliminated mass poverty. Both, in fact, resulted in economic decline.

Since the 1980s, Jamaica has pursued market-oriented economic policies and implemented structural adjustment programs characterized by liberalization and privatization programs performed in close collaboration with the International Monetary Fund (IMF) and other international organizations. Since its reelection in 1989, the PNP government has concentrated on adapting Jamaica's national economy to the current global political and economic framework, working closely with the IMF. Some important objectives have been achieved. The content, direction and context of individual reform steps are discernible. However, in view of the high unemployment rate (12.8% in 2004), high crime rate, (1471 murders and 806 rapes in 2004) and high debt (142.5 debt/GDP ratio in 2003-2004), it is highly unlikely that these reforms will bring about fundamental change in the short term.

In 2002, Jamaica was ranked 60th of 80 countries in the Global Competitiveness Report, compared with a ranking of 52 in 2001. The competitiveness of the country is negatively affected by minimum wages that are higher than in some competing countries and factors such as crime, inadequate infrastructure, lack of a

trained work force, limited access to domestic credit and inefficient bureaucracies. Jamaica is less competitive in comparison to its main CARICOM partners.

All actors agree that they must fight crime in order to strengthen Jamaica's democratic institutions. Suggestions to reform the constitution are controversial, not least because it is not clear whether the reforms will strengthen democratic structures. In addition, some of the suggestions question the current power structures. Because the constitution gives considerable powers to the parliamentary majority, the government, which enjoys a stable majority in Parliament, has substantial control over most important decisions.

C. Assessment

1. Democracy

1.1. Stateness

The state's monopoly on the use of force in Jamaica is widely secured, but it is still limited in some urban residential areas and constituencies. There are some communities, particularly in Kingston, that are under much less political control than in the past and are dominated by criminal gangs and clientele-istic networks. Since the 1960s, and especially in the 1980s, these garrison communities have been centers of political violence, consciously used by politicians of both major parties.

This phenomenon, known as political tribalism, declined significantly in the 1990s, but some of these garrison communities still constitute a kind of "state within the state" where drug trafficking also plays an increasingly relevant role. During the time covered in this report, 12 out of Jamaica's 60 constituencies were classified as garrison communities to varying degrees. Local party leaders, many of whom are alleged to have connections with criminal gangs and the drug trade, rule these garrisons. Under the constitution, citizens of all ethnic groups have the same civil rights, although race and class factors often prevent the equitable exercise of these rights. There is separation of church and state, with minimal influence of religious dogmas on politics or law on issues such as abortion and gambling. The state's administrative structure extends throughout the entire country, but its operation is inefficient and weak in some areas.

1.2. Political participation

Jamaicans enjoy universal suffrage and the right to campaign for elected office. There are no restraints on free and fair elections except in garrison constituencies,

where a dominant political party intimidates dissenters or manipulates vote counting. This phenomenon, however, weakened noticeably in the 1997 and 2002 national elections and in 1998 and 2003 municipal elections due to the implementation of an electoral reform process. Elected rulers have the effective power to govern except in the garrisons, as reported above. Citizens are allowed to form independent political and civic groups, and citizens and the media are free to express their opinions. Freedom of expression has received “a boost” due to the increase in the number of media houses, in particular radio stations and a number of community newspapers.

The democratic system of government is stable and consolidated. However, there is a high level of dissatisfaction with the quality of this democracy, largely attributed to the Westminster model’s inadequacy in ensuring full representation for all sectors of society. The desire to address “this democratic deficit” is widespread, as is the growth of a variety of civil society and non-governmental organizations, many calling for greater participation of women and other vulnerable groups within a broader process of democratic governance.

1.3. Rule of law

Jamaica has separation of powers, as is customary in democracies based on the Westminster model. However, the system places considerable power with the prime minister as long as he has a majority in Parliament. In debating constitutional reform, some have suggested reducing this concentration of power by, for example, making the institutional separation between the executive and legislative branches clearer. An independent judiciary exists in practice, and it is highly respected, but it is considered slow and inefficient.

Judicial independence is guaranteed by the fact that the final court of appeals is located outside Jamaica. Final appeals are made to the Judicial Committee of the Privy Council in the United Kingdom. The Privy Council may be replaced by an independent Caribbean court, the Caribbean Court of Justice, within the framework of CARICOM, but plans to establish this Caribbean court have been challenged by the Opposition JLP and some human rights and civil society organizations. Unlike the ruling PNP, they charge that such fundamental changes to the administration of justice should be made only because of a national referendum. Corruption is widespread, especially in connection with the drug trade and with patronage-based political structures. These conditions limit the ability to prosecute corrupt public servants as well as private sector officials who often slip through political, legal or procedural loopholes. Civil rights are guaranteed, though with some limitations due to the inability of many citizens to access the necessary legal services. The main criticisms concern police brutality, illegal imprisonment and the number of people killed by police and security forces.

1.4. Stability of democratic institutions

The democratic institutions are stable, but they sometimes function inefficiently and inconsistently with regard to the implementation and review of legitimate procedures. The confrontational and mistrustful attitude of the two main political parties toward each other has been reduced significantly thanks to the non-confrontational style of PNP Leader PJ Patterson, to which the JLP, under pressure from large sections of the Jamaican society, has been obliged to respond positively. Bipartisan support has resulted in consensus in the legislature on a number of important pieces of legislation, including a landmark resolution on education and the removal of seven pieces of legislation that were deemed discriminatory to women.

The democratic institutions are basically accepted and considered legitimate by the relevant political and social actors, although many are critical of their inadequacies.

1.5. Political and social integration

Jamaica has a stable two-party system. The parties are multi-class alliances, which, while not functioning along ethnic lines, reflect the nature of a society stratified along race, class and gender lines. Citizens from low-income groups are integrated into the political system, but it is nevertheless conspicuous that there are very few members of the mainly black working class among the top leadership of either major party. Leading positions are occupied by representatives of the male black elite or by light-skinned men. There is a tendency to dispute or ignore the existence of racial and ethnic tensions within society, especially on the part of those in leadership positions.

Integration within the political system takes place via traditional party groups and/or through connections with big business. In garrison communities, integration also takes place via criminal gangs and drug dealers through patronage-based networks. While there are no distinct ethnic conflicts in Jamaican politics, political tribalism has been the result of strong party bonds and significant polarization between the hard-core supporters of the two main parties. This tribalism continues even though ideological polarization dissipated at the end of the Cold War.

The party system is socially rooted and is both stable and polarized. In the interest of a qualitatively better democracy, attempts at loosening the rigid two-party system through the founding of a third party continue to fail. A third party has never won a seat in Parliament or a municipal council. Probably in response to the inadequacies of the Westminster parliamentary model, Jamaica has developed a well-established, diverse civil society in the form of trade unions, non-

governmental and community-based organizations, women's groups, churches and associations. These civil society organizations frequently provide opportunities for citizens to identify responses to their own needs, to take appropriate action and to mediate between society and the political system. Networks of closely-knit interest groups do exist, but the dominance of powerful business interests in some groups runs the risk of further exacerbating the divisions that already exist along lines of class, race, gender and economic power.

Approval of the democratic process is high, although voter participation has decreased in recent years. In the 1997 and 2002 parliamentary elections, 67% and 59% respectively of those entitled to vote actually participated. The decreasing turnouts can be attributed to disaffection with a political system, which, as many citizens have concluded, cannot provide their basic needs. In the case of the 2002 elections, heavy rains caused many polling stations to open late.

There is a growing cynicism directed towards the system itself among the urban poor, especially the youth. Controversial, heavy-handed actions by the security forces in urban ghettos feed this cynicism, while social and non-governmental criminal actors in the ghettos often guarantee economic benefits, security and order.

2. Market economy

While Jamaica's political system is recognized as a democracy, the free market economy has been developed less aggressively. In spite of the considerable openness of the Jamaican economy, there is, in reality, very little competition in the important economic sectors. Competition is circumvented by oligopolies as well as by the influence of families or clans in the form of cross-membership in the boards of firms and organizations. Fair competition is an objective being pursued through WTO regulations and the establishment of a Fair Trading Commission.

In the period covered by this report, economic growth was trending upwards minimally, with inflation rate and growth projections for 2004 being thwarted by a 12% increase in fuel costs and hurricane damage estimated at 4.8% of GDP. In addition to these uncontrollable external forces, high unemployment, violent crime, minimal economic growth and high debts also hampered economic development. During the period, the government's policy focus was to maintain macroeconomic stability, improve the local business climate and enhance competitiveness.

2.1. Level of socioeconomic development

Key indicators show a medium-range developmental level that lags behind that of other states in the Commonwealth Caribbean that otherwise have much in common with Jamaica. Social exclusion is quantitatively and qualitatively very distinct, and poverty and unemployment rates are high. According to data from the Planning Institute of Jamaica, the unemployment rate was between 12% and 13% during 2003-2004. The 2004 United Nations Human Development Report indicates that 13.3% of the population was living below the poverty line of \$2 per day between 1990 and 2002. Women account for 73% of university graduates, but this has not translated into larger opportunities in the labor market; the female unemployment rate in 2002 (20.7%) was approximately twice that of males (10.6%). This gender bias against women is also reflected in the female youth unemployment rate, which lies at 39.7% compared with 23.6% for male youths.

Advances being made by some women, mostly in the professional and managerial classes, mask the deeply ingrained gender biases against women. Women account for 75% of managers in sectors such as information technology, human resource management, accounting, sales and marketing. These advancements contrast sharply with the under representation of women in positions of real power in both private and public sector organizations, churches, trade unions and political parties. In 2004, only 19.4% of Senate members, 11.66% of members of Parliament, 15.61% of parish council members and 7.14% of mayors were women.

The portion of the population living below the national poverty line is 19.7% and 13.3% live on less than \$2 per day. The 2002 Survey of Living Conditions shows declines in the share of national consumption expenditure for 90% of the population. The wealthiest fifth of the population consumes seven times more than the poorest fifth. There is still a correlation of race (white/light-skinned minority) and class with prosperity, a legacy of Jamaica's history of slavery and colonialism.

2.2. Organization of the market and competition

The foundations of free-market competition are guaranteed. The Jamaican government has been pursuing a policy of privatization and liberalization since the 1980s. Price controls have been abandoned. The economy is very open to foreign trade. The main aim of the Fair Competition Act of 1993 is to prevent anti-competitive practices, but antimonopoly legislation is intentionally not very well developed in order to create greater incentives for bigger and thereby internationally more competitive corporations to invest. The criteria for market efficiency also apply to the authorization of mergers.

Since the mid-1980s, the dismantling of trade barriers has significantly reduced production disincentives and a former anti-export bias. In the 1990s, Jamaica reformed its external tariffs in line with the general reform of CARICOM's common external tariff, and since 1998, the tariff range has been 5-20 percent. However, Jamaica imposes duties on some imports to protect its most vulnerable sectors and enjoys preferred export relations with the European Union, the United States and Canada. The protective duties and preferential trade agreements will be suspended as soon as the Free Trade Agreement of the Americas becomes a reality and the LOME agreements with the European Union are replaced by a regional economic partnership arrangement under the Cotonou Agreement. As part of CARICOM, Jamaica is working to ensure that local firms are not disadvantaged because of unfair trading practices, and that the special developmental needs of small island states are taken into account in the negotiation process and are reflected in final agreements. Jamaica has a banking system and capital market that are independent and open to foreign trade. After a major crisis in the financial sector in the mid-1990s, for which the government took over debts amounting to 44% of GDP, the sector is now better regulated than at any time in its history. The establishment of a Financial Services Commission and amendments to both the Unit Trust Act and the Securities Act are at the center of an improved regulatory framework.

2.3. Currency and price stability

Through monetary and exchange rate policy, the government has maintained a stable macroeconomic environment in which the real exchange rate has remained fairly stable. Single-digit inflation targets were exceeded because of both internal (exchange rate depreciation and an increase in bus fares) and external shocks (oil prices and hurricanes). Jamaica's fiscal policy is influenced by heavy debts, losses by the Bank of Jamaica and a burdensome high budget deficit (see Table: Development of macroeconomic fundamentals).

2.4. Private property

Property rights are guaranteed. The government has a policy to privatize state-owned enterprises, including hotels, the telephone and power supply companies and an airport. The repeal of the bauxite levy favors foreign investors.

2.5. Welfare regime

Economic decline, unemployment and poverty have had a negative impact on a social system that was, compared with other systems in the region, considered exemplary until the 1960s. Moreover, structural adjustment measures have

brought drastic cuts in public health, education and other social services. The incidence of poverty increased by 2.8% to 19.7% in 2002.

The government devotes almost 60% of its spending not used for debt payments and debt service to social services. Vulnerable groups received increased benefits through several initiatives under the government's social safety net program. These included increased support for the education and health of these groups in rural and urban communities, an increase in the national minimum wage to \$40 per week, increases in allowances to pensioners and support for health care through a National Health Fund. Most government institutions have a lack of resources, are limited in scope and cannot compensate for the gross social differences that exist. With regard to equal opportunities, on average, women receive lower wages than men receive, suffer unequal access to positions of power in both the public and private sectors and have unemployment levels twice that of men.

2.6. Economic performance

GDP growth has been minimal. The government has executed a successful inflation containment policy and kept a relatively stable exchange rate, but serious problems remain. These problems include a debt-to-GDP ratio of 142.5% (2003-2004), a high unemployment rate, widespread poverty, a disadvantageous trade balance and a substantial, although decreasing, budget deficit. Jamaica's limited economic growth remains vulnerable and extremely dependent on outside forces, and economic success can be very quickly destroyed by unforeseeable catastrophes. In the years under review, the main economic sectors also suffered from global increases in oil prices and devastation caused by hurricanes.

2.7. Sustainability

There is a growing but still inadequate consciousness of the importance of environmental protection, which was originally promoted by non-governmental organizations and has more recently been taken up by the government and its development partners. An unspoiled environment is important, especially to the tourist industry, and has immediate rewards. The Jamaican government has developed policies to protect natural resources and has established a new administrative body to better coordinate environmental protection and planning. Implementation of environmental policies is hindered by coordination difficulties as well as by the sluggish judicial system. Consultation with non-governmental organizations has improved, but it is often not meaningful. Due to the state's limited financial resources, however, those measures that are actually implemented can often not be sustained financially.

Jamaica guarantees free access to education. The Planning Institute of Jamaica reports that in 2001, Jamaica achieved a high rate of enrollment in primary education of 96.2%. Alongside several colleges, the University of the West Indies, which is a regional university for nations of the Commonwealth Caribbean, offers university-level studies. One of its three campuses is located in Jamaica. There The University of Technology and the Northern Caribbean University are the two other universities in Jamaica: These universities have a reputation as being respectable educational institutions, both in the region and in North America. Education is one of the government's priorities, and 8.8% of its total budget was allocated to this service in the fiscal year 2003/2004. Institutions for education, training, research and development are present in significant sectors. Quantitatively and qualitatively, investment in education, training, research and development is somewhat low, an indication of the constraints on the national budget.

3. Management

3.1. Level of difficulty

Management of the electoral process has improved considerably since the mid-1990s. Garrison constituencies constitute an estimated 12 of 60 constituencies, but only four garrison constituencies stood out in the media coverage of the 2002 elections. Independent election observers have been overseeing the electoral process since the 1997 elections, and after a multi-faceted electoral reform process, the 2002 elections were credited with producing a free and fair result by both local and international observers. This reform process included codes of conduct for candidates and campaigns, a political ombudsman to monitor them and improvements in election preparations and administration.

In addition to elections, there are increasingly more calls from an active, heterogeneous civil society for meaningful participation in important decision-making processes. There is a strong tradition of civil society dating back to the era of slavery, which was characterized by periods of volunteerism and benevolence. A 2003 IDB Profile on Civil Society in Jamaica reports that "civil society has made significant contributions to the building of social capital and economic development in Jamaica, and in so doing, has reduced the burden on government and business sector spending". However, meaningful collaboration is inconsistent and is generally resisted by the political leadership.

Profile of the Political System

Regime type:	<i>Democracy</i>	Constraints to executive authority:	2
System of government:	<i>Parliamentary</i>	Electoral system disproportionality:	4.3
		Latest parliamentary election:	16.10.2002
		Effective number of parties:	2
1. Head of State:	<i>Queen Elizabeth II., Deputy: Howard Felix Hanlan Cooke</i>	Cabinet duration:	2002- present
Head of Government:	<i>Percival James Patterson</i>	Parties in government:	1
Type of government:	<i>single party majority</i>		
		Number of ministries:	17
		Number of ministers:	17
<p>Source: BTI team, based upon information by country analysts, situation in July 2005. Constraints to executive authority (1-6 max.) measures the institutional constraints posed by a federal or decentralized state, a second parliamentary chamber, referenda, constitutional and judicial review and the rigidity of the constitution. Electoral disproportionality (Gallagher index) reflects the extent to which electoral rules are majoritarian (high values) or proportional: $\sqrt{\frac{1}{2} \sum (v_i - p_i)^2}$; v_i is the share of votes gained by party i; p_i is the share of parliamentary mandates controlled by party i. Effective number of parties reflects the political weight of parties (Laakso/Taagepera index) = $1 / (\sum p_i^2)$; p_i is the share of parliamentary mandates controlled by party i. Number of ministries/ ministers denotes the situation on 1 January 2005.</p>			

Public integrity and corruption are important national issues, and questions about the integrity of the overall political process are often related to them. While democracy as a system of government remains stable and it is not questioned, a gradual turning away from the patronage-based political culture is minimally noticeable. Major changes in the leadership of the two main political parties are underway, and tendencies towards more consensual and non-tribalistic politics can be identified. However, periods of intense, sometimes violent conflict along partisan lines still emerge around election time, and both society and political elites are deeply split along lines of social class and race. Unskilled members of the workforce present a serious problem, as the Statistical Institute of Jamaica, 2002 Labour Force Survey reports that 62.2 percent of first seekers entering the labor force have no academic certification, while 9.4 percent have no formal job training. The rate of HIV infection increased by 8.2% in 2003. The risk of HIV infection for girls between 10-19 years is twice as high as that of boys of the same age group, and HIV and AIDS and sexually transmitted infections are the second leading cause of death for both men and women between 30 and 34 years of age. Other structural constraints include a lack of resources, widespread poverty, infrastructural and bureaucratic deficiencies and natural disasters that affect, to some degree, the management performance of the political leadership.

3.2. Steering capability

The institutional framework for a market economy has improved due to structural adjustment policies, especially privatization and liberalization. Measured by the minimal growth achieved in the two-year review period, overall economic development has improved slightly, both quantitatively and qualitatively. The commitment to constitutional democracy is clear, and the pursuit of

macroeconomic stability, a market economy and social development goals have been maintained, but some short-term political benefits were also sought periodically to ensure success at national elections.

3.3. Resource efficiency

Only some of the available resources are used efficiently. Several factors prevent Jamaica from fully exploiting its development potential. Some of these factors are the high degree of violent crime, the inefficiency of certain sections of the security forces and judicial system and a bureaucratic tax system. The Auditor General's office provides independent audits of government budgets, and a bipartisan parliamentary committee, headed by the opposition party, ensures the public review of expenditures. A public sector modernization and reform program exists, comprising some thirty projects for transforming government departments into agencies that are to improve substantially the quality of service to the public. Despite the shortcomings mentioned above, the government can accomplish some of its reform goals.

The government has had limited success in managing conflicting political and economic interests insofar as they determine overall policy coherence. This is most evident in stabilization, inflation-containment and foreign exchange policies. The combination of violent crime, drug trafficking and party politics seriously interferes with the fight against corruption. There is no public financing of political parties, which would bring more transparency to and regulation of party finances and make the parties more independent of private and criminal interest groups. Measures to improve the administration of justice and citizens' access to due process have included the establishment of the Commission for the Prevention of Corruption among public servants, the passage of the Freedom of Information Act and a National Contracts' Commission for public procurement.

3.4. Consensus-building

Many political and social actors have declared their support for market-based democracy but they question its main features. Others reject it entirely. Actors like trade unions, farmers' organizations, a growing civil society, small businesses, women's groups and environmentalists question the establishment of the market-based democratic model and demand specific safety mechanisms for those groups whose vulnerability increases due to the free market economy. The question of who should bear the largest burden during the introduction and consolidation of the market-based model remains contentious as long as the gap between rich elite and poor masses continues to widen. Consensus-building between social classes and groups, the private sector, the government and political parties therefore remains difficult.

There are no anti-democratic vetoing agents. Representative democracy is rooted in the political culture. The PNP has not challenged the idea of an orderly market economy since the late 1980s, and the JLP has never challenged it. The fact that Jamaica's national economy must adjust to global economic and political developments is viewed as part of reality, though not welcomed by vulnerable groups.

Jamaican governments have succeeded in ensuring that any potential political conflicts along ethnic, religious or social lines do not become the focal point of politics. Generally, the members of the two main parties view each other as competitors for scarce resources, and many incidents between them are characterized by hostility and distrust. Studies of recent developments suggest that Jamaican politics might be entering a period of reform and transformation. Political analyst Robert Buddan reports that this shift appears to be driven by new generational imperatives that challenge the established styles of party leadership and that demand new and broader forms of governance in the age of civil society and globalization. However, both parties owe their positions of power to the polarized, two-party system. For this reason, they are not interested in repealing this main feature of the political system. The government acknowledges the important role of civil society in the development of social capital. However, the allegiance of both political leaderships to the bipartisan political system often limits the accumulation of social capital and civic-mindedness across party lines and, in some communities, promotes clientele-ist networks.

Civil society actors are involved in political debates and discussions on policy formulation, but the extent to which their involvement influences the eventual policy outcome is generally negligible. There is no legal framework guaranteeing civil society's role in the decision-making process. The greatest injustices in Jamaica's history were slavery and colonialism, along with the racism that accompanied both phenomena. Racial and social tensions exist, but there is no acute conflict between ethnic groups or groups whose ancestors suffered under slavery, racism and colonialism and groups whose ancestors profited from them. Jamaica stresses that all its citizens are equal regardless of their background within the scope of the national identity, as expressed in the national motto "Out of Many, One People".

The black African majority's cultural articulation is particularly recognized through special tribute to religious and cultural elements and historic public figures. The shared monarchy with Great Britain and the position of the Privy Council in London as Jamaica's court of appeals are increasingly perceived as colonial relics. As a result, the government has recommended that both be abolished. After the 2002 election, for the first time, newly elected officials did not give their oath of allegiance to the Queen (Queen Elizabeth II in her capacity as Queen of Jamaica), but rather to the Jamaican people and to the country's constitution.

3.5. International cooperation

Jamaica has worked closely with other countries and with many international organizations (in most cases since independence) on socio-economic reforms and democracy. Some of the more important collaborations in the area of economic and social development policies are with the IMF, the World Bank, the Organization of American States (OAS), the Inter-American Development Bank, the United States, Canada and the European Union. The IMF and the World Bank are responsible for coordinating structural adjustment and stabilization programs.

Jamaica's government abides by the conditions set by the IMF and the World Bank. The objective of all the above-mentioned actors is to restructure and strengthen the market economy in Jamaica.

The Free Trade Area of the Americas (FTAA) is currently being established within the scope of the OAS. On the one hand, it will give Jamaica coveted access to the North American market, but on the other, it will open up the Jamaican market to an unknown level of goods from North, Central and South America. Unilateral trade relations would hence be replaced by a reciprocal free trade agreement. This will offer Jamaica new opportunities, but will also force its economy, which has not had much competition in the past, to adapt to new circumstances. Until now, Jamaica has enjoyed one-sided customs tariff preferences for access to the markets of the European Union, the United States and Canada.

The European Union, which has trade ties with Jamaica through the Cotonou Agreement, also wants to replace unilateral trade preferences with mutual free trade. However, it has negotiated a provisional extension with the African, Caribbean and Pacific (ACP) states until 2008. The Jamaican economy is therefore also under pressure from the European Union to adapt to this new trade environment.

Several external actors support representative democracy in Jamaica, in particular CARICOM, the OAS, the European Union, the Commonwealth Caribbean and various non-governmental organizations. Both CARICOM and the OAS give great importance to the fact that their member states are democratically ruled. They are also prepared to act as mediators in domestic problems and impose sanctions or intervene if a member state turns away from democracy. Since the end of the Cold War, the European Union expects its ACP partners to adhere to at least a minimum standard regarding human rights and democracy.

Commonwealth countries have explicitly declared their support for democracy since 1991. They set positive inducements for democracy and impose sanctions on those members who abandon democracy or severely violate human rights and democratic rules. The Carter Center, founded by former U.S. President Jimmy

Carter, sent a team of international election observers to oversee the 1997 and 2002 elections. If democracy were to be abolished in Jamaica, the undemocratic regime would be isolated both in the region and internationally and would not only have to reckon with sanctions, but with intervention as well.

International observers consider the Jamaican government reliable and predictable, but the high level of violent crime scares off many potential investors and tourists. Jamaica was originally to have achieved independence as part of the West Indies Federation, which it joined in 1958, but it withdrew after Jamaican voters rejected membership in 1961. After the collapse, the former members of the Federation (including Jamaica, and now also the Bahamas, Belize and Guyana) created the new regional organizations of the Commonwealth Caribbean (conference of head of governments, CARIFTA, CARICOM).

The functional and economic cooperation of CARICOM countries has intensified in the last few years, and the CARICOM Single Market and Economy should be in place by the end of 2005. Jamaica constantly emphasizes that it is not striving for political union with the other member countries. Negotiations with the European Union and preparations for the FTAA, which are crucial to Jamaica, are currently being conducted with CARICOM members. Jamaica and other member states have united to negotiate with the industrialized nations to ensure that they optimize the benefits and mitigate the negative consequences of free trade.

4. Trend of development

4.1. Democratic development

Representative democracy as a system of rule remains stable despite economic weaknesses and unsatisfactory socioeconomic indicators. Other factors must be considered, notably the anchoring of representative democracy according to the Westminster model in Jamaica's political culture and the integration of even the poorest citizens in the democratic political system through regular elections and patronage-based structures. On the one hand, patronage stabilizes democracy as the system of rule. However, on the other hand, it also weakens democratic institutions and it is accompanied by factors that considerably hamper democracy, civic order and economic achievements.

There have been developments in Jamaica's democratic transformation that can only be viewed as improvements in the quality of the country's already existing, stable, but less-than-satisfactory democracy. National, municipal and by-elections take place, political violence during elections has diminished and the number of garrison constituencies has decreased. The government passed a law to reform the judicial system after the 2002 elections, and reform of the electoral process has continued. Jamaican democracy faces the same problems it did five

years ago, but there have been some changes towards a modern, non-patronage-based democracy, and democracy as a system is not being questioned.

The government's plan to establish a Caribbean Court of Justice to act as the final court of appeals and court of law for disputes with the other CARICOM nations within the Caribbean Community has been stalled. The opposition – but not necessarily the majority of the Jamaican population – fears that CARICOM

governments will have too much influence on the new court and prefers to maintain the Privy Council as the final court of appeals. It is legally challenging the government's plan and calling for a referendum on this matter.

4.2. Market economy development

Due to the country's dependence on foreign funds, the scope of potential political action in Jamaica is limited. Political actors must consider the guidelines and interests of international organizations, as well as powerful trade partners and financial backers. The objectives and interests of Jamaican, transnational and foreign actors are not necessarily identical. While the United States, IMF and other international organizations favor deregulated markets at the global and national levels, politicians in the Commonwealth Caribbean, and therefore also Jamaica, prefer a social market economy for both internal as well as international economic systems.

Table: Development of macroeconomic fundamentals (2000-2004)

	2000	2001	2002	2003	2004
GDP growth in %	0.8	1.5	1.1	2.1	1.0*
Export growth in %	4.3	-6.0	-8.7	4.5	n.a
Import growth in %	13.9	2.9	4.9	5.5	n.a
Inflation in % (CPI)	6.1	8.8	7.3	14.1	13.7*
Investment in % of GDP	27.6	31.0	34.3	30.01	n.a
Tax revenue in % of GDP	n.a.	24.4	25.1	26.9	n.a.
Unemployment in %	15.5	14.8	15.4	13.1	12.8*
Budget deficit in % of the GDP	-0.9	-5.8	-9.0	n.a.	n.a.
Balance of payments in billion US\$	-0.39	-1.09	-0.62	-0.63	-0.08*

*Sources: Economic and Social Survey of Jamaica 2003, Planning Institute of Jamaica; Statistical Institute of Jamaica 2003, Labour Force Survey; Road to Sustained Growth in Jamaica, World Bank Country Economic Memorandum 2004; International Monetary Fund Article IV Report, 2005; *estimate.*

Macroeconomic stability is evident, and the Jamaican government is continuing structural adjustment and liberalization policies. It has pursued a successful policy of fiscal stabilization in close cooperation with the IMF, the World Bank and foreign development assistance organizations. Jamaica had to cope with several catastrophes and setbacks during the evaluation period. Among them were major hurricanes, deteriorating trade conditions with industrialized nations, increases in the price of oil and financial losses suffered by the tourist industry following the terrorist attacks on September 11, 2001. Consolidation of economic achievements and economic growth near the end of the evaluation period was thwarted by the severity of the damage to major economic sectors by Hurricane "Ivan" in September 2004. In summary, it can be said that Jamaican decision makers have used the limited options at their disposal with moderate efficiency.

D. Strategic perspective

Democracy and the market economy in Jamaica are secure, but it remains to be seen whether the country can improve its achievement potential. The latest Business and Consumer Confidence Surveys confirmed that consumers as well as businesses showed an appreciable level of confidence in the economy in the period preceding the hurricane in September 2004. This report also revealed that 32% of households received remittances/support from abroad, which is why many feel Jamaica is not falling apart, although there are apprehensions concerning the potential for job growth.

A number of analysts have pointed out that the overall effects of the hurricane have been a temporary disruption of the pace of economic activity and a short-term increase in the inflation rate, but that the economic fundamentals remain intact.

There will be challenges posed by the debt burden and the government's reacquisition in December 2004 of Air Jamaica and its debts of \$560 million. However, there is an expectation that significant levels of new local and foreign direct investments in tourism, mining and infrastructure will materialize, and that the expected resulting economic growth will be accompanied by meaningful job opportunities. The opening of a toll highway linking the capital with the central and southern parts of the island is already having a positive impact on economic activities. The major challenge will be surviving the next two to three years in the face of the chronic problems of debt burden, crime and violence, and external factors such as oil price increases, hurricane damage and advanced trade liberalization, without losing the expected momentum in the economy. It remains unclear how Jamaica's national economy, which has not been very competitive, will be able to compete successfully in the Free Trade Agreement of the Americas.

External supporters should continue to support reforms that will eliminate or considerably reduce the interdependent factors of violent crime, drug trade, poverty, unemployment, environmental degradation, corruption and excessive police brutality. To strengthen the rule of law, current reform of the judicial system and the security forces should be completed. The government's policies provide citizens with a secure framework for the country's judicial and economic systems. This security is put at risk by violent crime and the inefficiency of the security forces and judicial system, as well as by threats and unexpected setbacks from outside forces. Strengthening civil society and ensuring that meaningful consultations take place in all sectors would considerably influence the success of these efforts.

In light of its poverty, unemployment, substantial debt and budget deficit, it remains to be seen whether Jamaica will be able to build on previous economic advances. The Jamaican government will continue to follow the recommendations of the IMF due to its massive debt obligations and budget deficits, and its development options will remain constrained as a result. After decades of following the guidelines of the IMF, Jamaica has achieved some progress, but the overall quality of life of the majority of the population remains at an unacceptable level.